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SUBJECT: UNVIE AMBASSADOR SCHULTE'S AUGUST 2 CONSULTATIONS  
WITH CZECH GOVERNMENT

Classified By: Pol-Econ Counselor Mike Dodman, reasons 1.5 (b,d).

¶1. (C) SUMMARY AND COMMENT: UNVIE Ambassador Greg Schulte, in town for consultations with Radio Free Europe/Radio Liberty and Radio Farda, met on August 2 with Czech Deputy Foreign Minister Tomas Pojar and Political Director Martin Povejsil, who expressed characteristic Czech support for the U.S. position on Iran. Pojar and Povejsil said that increased EU action depends primarily on Germany, with France also playing a role. They lamented the EU's and Russia's lack of solidarity in isolating Iran with political and economic pressure. And they were supportive of the Reliable Access to Nuclear Fuel initiative, noting, "you can count on us." In TV, radio and print interviews during his visit, Ambassador Schulte spoke of the threat that Iran poses to the U.S. and its allies, helpful since a Czech public skeptical of U.S. missile defense plans on Czech territory does not necessarily believe that to be the case. END SUMMARY AND COMMENT.

INCREASED EU ACTION: THE KEY IS IN BERLIN

¶2. (C) When Ambassador Schulte asked about the prospect of EU action vis-a-vis Iran, Pojar immediately said it depends on Paris and Berlin. Povejsil agreed, but stressed "the key is in Berlin," and noted that if Berlin moves, Austria will follow. Both believed that increased U.S. engagement would be beneficial, particularly with the Germans. Povejsil said that before Sarkozy's recent visit to Tripoli, he would have recommended that we try to cultivate French leadership on Iran within the EU, but felt that Berlin had reacted so harshly to Sarkozy's unilateral move that it might have created an obstacle. "The Germans might want revenge," he noted. Povejsil added that he thought the French did not have a firm position on Iran and could be encouraged to support either a tough or relatively weak policy stance in the EU and UN.

POLITICAL AND ECONOMIC PRESSURE -- ONGOING EU COOPERATION  
WITH IRAN DESPITE UNSC RESOLUTIONS

¶3. (C) Ambassador Schulte noted that the IAEA's plan of action includes a series of meetings this summer which will culminate with an August 20 meeting in Tehran, and that the Iranians are hoping to influence the resultant report and stave off another UNSC resolution. While everyone including President Bush wants to see a diplomatic solution, he noted, we cannot entirely rule out a military one. Sustained diplomatic pressure and unity are therefore crucial. Iran's current charm offensive has a domestic audience, which shows that our strategy to isolate them is working.

¶4. (C) On the question of a new UNSC resolution, Povejsil stressed that it is crucial that a new resolution include some incremental increase in pressure on Iran (for example, making it mandatory that Iran provide advance information prior to an inspection). However, Povejsil admitted that the current expectation within the EU is that any new resolution will be "soft." Povejsil agreed with Schulte that the Chinese had been hiding behind the Russians, but thought that the Chinese are becoming more assertive on the issue and will want to be increasingly independent of Russia. Pojar noted that Chinese officials told him during a visit last month to Beijing that without progress they would consider a resolution. However, Povejsil feared that it would end up being a resolution which would provide for "toothless sanctions." Povejsil said that the Czechs have heard of ongoing military cooperation between Russia and Iran. Both thought the key obstacle to greater EU effort on Iran was economic ties, noting that the opponents of a tougher position are those (including Germany and Austria) with significant investment in Iran. Pojar agreed with Schulte that this poses a dilemma, since the carrot of new economic opportunities for Iran is weakened by the growing economic presence of firms like Siemens and OMV.

#### CZECHS ON BOARD WITH RELIABLE ACCESS TO NUCLEAR FUEL

¶5. (C) Ambassador Schulte explained IAEA efforts to provide assurances for countries looking to obtain nuclear fuel for energy, noting that the Czech Republic was a good example of a country that used international contracts to provide fuel for its nuclear power stations, rather than build domestic capability. The goal of the Reliable Access to Nuclear Fuel initiative is to make it easier for countries interested in nuclear energy to make this same choice. If the commercial

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market fails them, ideally they would be able to go to the IAEA for help brokering a deal, or the IAEA might even stockpile its own supply. Countries such as Russia, France, Germany, Japan, and Korea are supportive of the initiative, but a few countries, Egypt in particular, supported by Iran are objecting. Ambassador Schulte stressed the need to build support among potential recipients and asked for Czech help in IAEA deliberations. Pojar and Povejsil were unfamiliar with the program but Povejsil said, "You can rely on us." They added that the Czechs were pleased to have detected a change within the EU on nuclear energy in the past year, as demonstrated by EU agreement that the Slovaks will host a "Nuclear Forum" in Bratislava this fall, to be followed next year by a similar event in Prague.

#### AMBASSADOR SCHULTE STRESSES THE THREAT IRAN POSES IN MEDIA INTERVIEWS

¶6. (C) With Czech public opinion against U.S. missile defense plans in the Czech Republic, Ambassador Schulte's explanation on TV, on radio and in print of the threat Iran poses to the U.S. and Europe may prove helpful as the Czech government's efforts to persuade its skeptical constituents intensify. Ambassador Schulte appeared August 2 on the most-respected political commentary news show "Events and Commentary," broadcast nationwide and watched by opinion makers. He also gave an interview to leading daily Lidove Noviny and was interviewed by Czech radio for broadcast later on a prime time news show.

THOMPSON-JONES